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Before the
Federal Communications Commission
Washington, D.C. 20554

JUN 11 1998

**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY**

In the Matter of)	
)	
Federal-State Joint Board on Universal Service)	CC Docket No. 96-45
)	
Motion For Declaratory Ruling Or, Alternatively,)	
Petition For Waiver By the State of Florida)	
Department of Management Services)	

COMMENTS

BELLSOUTH CORPORATION

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Date: June 11, 1998

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COMMENTS

BellSouth Corporation, on behalf of itself and its subsidiaries, hereby submits its comments on the Motion for Declaratory Ruling filed by the State of Florida Department of Management Services ("Florida DMS") filed on May 11, 1998.

The question presented in the Motion is straightforward: does a renewal of a contract pursuant to a renewal provision contained in the original contract constitute a voluntary extension of an existing contract? Under the Commission's universal service rules, educational institutions and libraries have a limited exemption to the general requirement that contracts for supported services be negotiated pursuant to a competitive bidding process. The limited exemption pertains to existing contracts.¹ According to the Florida DMS, it has been informally advised by the staff of the Schools and Libraries Corporation that renewal of an existing contract pursuant to a renewal provision that was part of the original contract would constitute a voluntary extension of the contract. Accordingly, the renewal would not be accorded the existing contract exemption to the competitive bidding requirement.

¹ 47 C.F.R. § 54.511 (c).

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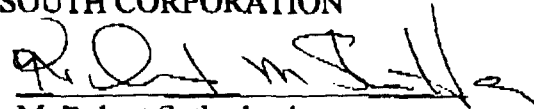
In its motion, the Florida DMS requests that the Commission declare that contracts that are renewed pursuant to renewal provisions contained in the original contracts are existing contracts as that term is used under the Commission's rules. BellSouth supports the Florida DMS request. Where the original contract contains renewal provisions that provide for a set number of renewal options over a specified period of time as part of its terms and conditions, the renewal of the contract over the specified time period should be viewed as a continuation of the existing contract, not a voluntary extension of the contract. On the other hand, after the specific number of renewal options have been exercised and the contract has run for the duration of the specific time period, an attempt to amend the contract and extend it for an additional time period should be considered a voluntary extension of the contract under the Commission's rules. The Florida DMS's position is that a distinction should be made between contracts that are renewed after the contract is executed and those renewals that are made pursuant to the original terms of the contract. Florida DMS's position is well supported by judicial determinations which should be followed by the Commission here.

Accordingly, the Commission should grant the motion of the Florida DMS.

Respectfully submitted,

BELLSOUTH CORPORATION

By:



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CERTIFICATE OF SERVICE

I do hereby certify that I have this 11th day of June 1998 served the following parties to this action with a copy of the foregoing COMMENTS by hand delivery or by placing a true and correct copy of the same in the United States Mail, postage prepaid, addressed to the parties listed below.

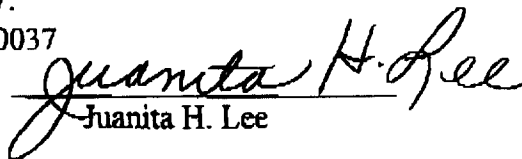
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